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The **EQUITABLE LIFE** insurance company  
OF CANADA

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**57th Annual Report**

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**1976**

## DIRECTORS

HOWARD E. POWER*†, F.C.I.S.	<i>Chairman of the Board</i>
THOMAS R. SUTTIE*, F.I.A., F.C.I.A.	<i>President</i>
WALTER J. McGIBBON*, Q.C.	<i>1st Vice-President</i>
WILLIAM H. TIMMIS*	<i>2nd Vice-President</i>
JAMES C. BURT	J. GERALD HAGEY*, LL.D.
TAMARA GIESBRECHT†	JOHN M. HARPER†, Q.C.
WOLFE D. GOODMAN, Q.C.	HARRY S. MORTON, O.B.E., LL.D., F.R.C.S.
HARRY D. GREB*	JOHN G. WEBER†

\* Member of Executive Committee

† Member of Audit Committee

## HONORARY DIRECTORS

J. W. SCOTT	M. J. SMITH	C. N. WEBER
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## OFFICERS

T. R. SUTTIE, F.I.A., F.C.I.A.	<i>President</i>
G. R. BLAKE, F.L.M.I.	<i>Vice-President and Treasurer</i>
D. L. MacLEOD	<i>Vice-President, Marketing</i>
H. I. McINTOSH, F.S.A., F.C.I.A.	<i>Vice-President and Actuary</i>
R. A. SAUNDERS, F.S.A., F.C.I.A.	<i>Vice-President and Comptroller</i>
W. H. WAHL, F.C.I.S., F.L.M.I.	<i>Vice-President and Secretary</i>
G. L. BRUNT, C.L.U.	<i>Regional Sales Director</i>
B. V. DOUTHWAITE	<i>Senior Sales Director</i>
L. J. HAMEL, F.L.M.I.	<i>Investment Administrative Officer</i>
R. D. MARVEN, F.L.M.I.	<i>Group Administrative Officer</i>
G. J. MELNIK, F.S.A., F.C.I.A.	<i>Group Actuary</i>
D. J. MULLIGAN	<i>Employee Benefit Plans Sales Director</i>
R. NOBLE, A.A.C.I.	<i>Assistant Treasurer, Property Investments</i>
W. H. PUGH, F.L.M.I.	<i>Assistant Secretary</i>
D. C. RAMSAY, F.L.M.I.	<i>Systems and Planning Officer</i>
R. E. SCHIEDEL	<i>Electronic Data Processing Officer</i>
D. G. SEEBACH, F.L.M.I.	<i>Marketing Services Director</i>
McGIBBON, HARPER & HANEY	<i>Solicitors</i>
P. G. SCHWAGER, M.D.	<i>Medical Director</i>

# DIRECTORS' REPORT

TO THE POLICYOWNERS OF THE EQUITABLE LIFE INSURANCE COMPANY OF CANADA

**NEW BUSINESS** — Individual life insurance and annuity sales together amounted to \$199,452,338, an increase of 15% over the previous year. This total was comprised of \$125,267,847 of life insurance and \$74,184,491 of annuity sales. Group life insurance and annuity sales amounted to \$53,989,959, a decrease of \$29,591,634 from the previous year. As a result of the decrease in group sales, the total new business of \$253,442,297 was \$4,134,497 below the total for the previous year. These new writings, together with increases in existing groups, brought the business in force to \$2,799,340,568.

**PREMIUM INCOME** — At \$32,099,786 the premium income exceeded that for the previous year by 21%. A major factor was the continued increase in the sales of both single and annual premium annuities.

**POLICY RESERVES** — These were calculated on the same basis as last year, except for a minor modification of the basis for annuities issued in 1976.

The Policy Reserves include a Mortality Fluctuation Reserve of \$946,381, an increase of \$217,396 from the previous year. The mortality experience can fluctuate widely from year to year. In 1976 death claims were substantially below the level provided for in the premiums and it was considered prudent to make this addition, which is included in the item "Additions to policy reserves to provide for future payments" in the Summary of Operations, to prepare for a possible upward fluctuation in claims in the future.

**ASSETS** — In 1976 interest rates declined somewhat from the peak attained in 1975, but were still exceptionally high; the average rate on new investments made during the year exceeded 11%. The high rate on new funds contributed to the substantial increase in the average yield on the total funds. This benefits the participating policyowners and is an important offset to the adverse impact of inflation on operating costs. However it has the immediate effect of reducing the market value of bonds purchased in earlier years when interest rates were lower, despite the fact that the income from such bonds and their maturity values are not affected in any way. As a result the book values of bonds and stocks as shown in the Assets exceeded the maximum values allowed by the Canadian and British Insurance Companies Act by approximately \$2,050,000. This is amply covered by the Investment Reserve of \$4,700,000.

**TAXATION** — The estimate of the income tax payable in respect of 1976 is \$500,000. This amount is included in the item "Investment income tax, premium and municipal taxes and licence fees" in the Summary of Operations.

**STAFF** — The Directors again wish to record their sincere appreciation to the Field and Head Office Staffs. The substantial increases in individual new business sales are an indication of the skill and knowledge of the Field Force. The Head Office staff has handled efficiently business which has grown rapidly in both volume and complexity.

On behalf of the Board

H. E. POWER, *Chairman of the Board*  
T. R. SUTTIE, *President*



## OUR PROGRESS AT A GLANCE

	1976	1975	1966
New Business —			
Life and Annuity . . . . .	\$ 253,442,297	\$ 257,576,794	\$ 49,907,461
Business in Force —			
Life and Annuity . . . . .	2,799,340,568	2,401,920,033	776,639,789
Income . . . . .	42,609,688	34,982,188	11,447,907
Assets . . . . .	146,160,081	126,620,804	59,665,301
Benefit Payments . . . . .	16,102,980	13,274,811	- 4,887,512
Investment Reserve and			
Unassigned Surplus . . . . .	9,858,705	9,556,221	4,434,985
Dividends to Policyowners . . . .	2,249,927	2,024,456	781,231
Earned Interest Rate . . . . .	8.22%	7.54%	6.00%
<i>(Net of investment expenses, but before investment income tax)</i>			

*The Equitable Life of Canada is a mutual company  
owned entirely by its participating policyowners.*

## AUDITORS' REPORT TO THE POLICYOWNERS

We have examined the statement of assets, liabilities and surplus of The Equitable Life Insurance Company of Canada as at December 31, 1976, and the summary of operations for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances; the policy reserves were determined and certified by the Company's actuary.

In our opinion, based on our examination and the certificate of the Company's actuary, the accompanying statement of assets, liabilities and surplus and the related summary of operations present fairly the financial position of the Company as at December 31, 1976, and the results of its operations for the year ended on that date in accordance with accounting practices prescribed or permitted by the Department of Insurance, Canada.

Kitchener, Ontario  
January 24th, 1977

CLARKSON, GORDON & CO.,  
*Chartered Accountants*

## ACTUARY'S CERTIFICATE

The Policy Reserves of \$119,118,823 shown in the statement of assets, liabilities and surplus at December 31, 1976, are in excess of the reserves required by Section 82 of the Canadian and British Insurance Companies Act, and, in my opinion, make a good and sufficient provision for all unmatured obligations of the Company guaranteed under the terms of its policies, and the additions to policy reserves of \$17,512,724 shown on the accompanying statement of operations are a proper charge to operations for the year ended December 31, 1976.

January 21st, 1977

H. I. McINTOSH, F.S.A., F.C.I.A.,  
*Vice-President and Actuary*

# SUMMARY OF OPERATIONS

## THE SOURCES OF INCOME WERE:

FOR YEAR ENDED DECEMBER 31  
1976                      1975

### Premiums:

FOR COMPARISON

Insurance . . . . .	<b>\$15,056,377</b>	\$13,952,684
Annuity . . . . .	<b>12,844,644</b>	8,242,626
Health . . . . .	<b>2,880,303</b>	2,555,497
Segregated Funds . . . . .	<b>1,318,462</b>	1,774,175
	<b>32,099,786</b>	26,524,982

### Earnings from investments after investment expenses

Insurance, annuity and health . . . . .	<b>10,189,011</b>	8,182,316
Segregated funds . . . . .	<b>320,891</b>	274,890
	<b>42,609,688</b>	34,982,188

## THIS INCOME WAS USED FOR:

### Payments to policyowners and beneficiaries:

Death and Disability benefits . . . . .	<b>5,302,491</b>	4,667,788
Matured endowments and cash values . . . . .	<b>3,724,244</b>	2,883,981
Annuity and settlement option payments . . . . .	<b>1,324,166</b>	1,040,370
Interest on policyowners' funds . . . . .	<b>199,106</b>	189,637
Health Insurance benefits . . . . .	<b>2,174,498</b>	1,933,349
Benefits paid from Segregated Funds . . . . .	<b>1,128,548</b>	535,230

### Additions to policy reserves to provide for future payments . . . . .

**\*17,512,724**                      12,942,345

### Net realized and unrealized capital (gains) or losses on Segregated Funds . . . . .

**(6,810)**                      (324,377)

### Increase in Segregated Funds . . . . .

**517,615**                      1,838,212

### Operating expenses:

Compensation for sales and field service to policyowners . . . . .	<b>2,678,346</b>	2,587,647
Service to policyowners at Head Office and branches . . . . .	<b>4,208,964</b>	3,527,109
Investment income tax, premium and municipal taxes and licence fees . . . . .	<b>928,973</b>	762,062
	<b>39,692,865</b>	32,583,353

### Net adjustment in asset values . . . . .

**(52,088)**                      94,318

### Dividends to policyowners in year . . . . .

**2,249,927**                      2,024,456

### Increase in provision for next year's dividends to policyowners . . . . .

**416,500**                      174,000

### Increase in Investment Reserve . . . . .

**200,000**                      52,160

### Increase in Unassigned Surplus . . . . .

**102,484**                      53,901

**\$42,609,688**                      **\$34,982,188**

\* See comments in Directors' Report regarding "Policy Reserves".

# STATEMENT OF - ASSETS

THE COMPANY HAS THESE ASSETS TO MEET ITS OBLIGATIONS TO POLICYOWNERS:	AT DECEMBER 31	
	1976	1975
	FOR COMPARISON	
BONDS . . . . .	\$ 35,660,687	\$ 32,785,859
STOCKS . . . . .	6,558,904	5,308,031
MORTGAGES . . . . .	79,125,073	66,061,353
REAL ESTATE . . . . .	3,386,153	3,028,413
Head Office, income producing property less mortgage indebtedness and investment in and loans to real estate subsidiary.		
LOANS TO POLICYOWNERS . . . . .		
Fully secured by the cash value of policies of this Company.	8,965,530	8,188,502
CASH . . . . .	3,159,987	2,806,535
PREMIUMS IN COURSE OF COLLECTION .		
Fully secured by policy reserves.	1,411,574	1,461,536
INTEREST ACCRUED . . . . .	1,664,402	1,393,081
Interest from last payment date to December 31		
SEGREGATED INVESTMENT FUNDS . . .	5,972,282	5,454,667
Market value of the investments held in the funds		
OTHER ASSETS . . . . .	255,489	132,827
<i>Bonds and stocks are shown at amortized cost and cost respectively, less certain write-downs, but, in the aggregate, exceed the maximum values allowed by the Canadian and British Insurance Companies Act by approximately \$2,050,000 against which the Company carries an investment reserve of \$4,700,000.</i>		
	<u>\$146,160,081</u>	<u>\$126,620,804</u>

H. E. POWER, *Chairman of the Board*



## - LIABILITIES AND SURPLUS

THE OBLIGATIONS OF THE COMPANY ARE:

AT DECEMBER 31

**1976**

**1975**

FOR COMPARISON

POLICY RESERVES . . . . .	<b>\$119,118,823</b>	\$101,606,099
This amount, with future premiums and interest earnings, provides for the payment of the benefits guaranteed by the Company's policies		
POLICYOWNERS' FUNDS . . . . .	<b>5,371,050</b>	4,851,923
Policy proceeds left on deposit, dividends left to accumulate, policy benefits in process of payment, premiums received in advance and other policyowners' funds		
POLICYOWNERS' DIVIDENDS . . . . .	<b>2,725,000</b>	2,308,500
Provision for dividends payable in 1977		
RESERVE FOR UNREPORTED CLAIMS . . . . .	<b>1,560,926</b>	1,609,772
An estimate of claims which may have occurred but have not yet been reported to the Company		
TAXES AND EXPENSES DUE AND ACCRUED . . . . .	<b>659,824</b>	522,238
Includes the balance of premium tax payable for the year.		
SEGREGATED INVESTMENT FUNDS . . . . .	<b>5,972,282</b>	5,454,667
Contracts under which the benefits are determined by the market value of the securities, the obligation therefore being equal to the market value as carried in the assets		
OTHER LIABILITIES . . . . .	<b>893,471</b>	711,384
Includes unallocated receipts		
Total obligations	<b><u>136,301,376</u></b>	<u>117,064,583</u>
INVESTMENT RESERVE . . . . .	<b>4,700,000</b>	4,500,000
Protection against fluctuation in the value of the assets		
UNASSIGNED SURPLUS . . . . .	<b>5,158,705</b>	5,056,221
This provides additional security for policyowners and their beneficiaries and additional earning power for policyowners' dividends in future years		
	<b><u>\$146,160,081</u></b>	<u>\$126,620,804</u>

T. R. SUTTIE, *President*

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## BRANCH OFFICES

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*Branch                      Manager*

### CALGARY

R. A. RAMSDEN, C.L.U.

### EDMONTON

D. M. LILLYCROP, C.L.U.

### HAMILTON

A. A. CAMPBELL

### KELOWNA

H. V. WILLIAMS, C.L.U.

### KITCHENER

P. M. SHAUGHNESSY, C.L.U.

D. F. ROBERTS, *Asst. Mgr.*

### LONDON

H. J. ROSE

### MONTREAL

M. A. TURGEON, C.L.U.

### OSHAWA

K. H. QUINN

### OTTAWA

B. T. BAIGENT, C.L.U.

### REGINA

J. J. McGEADY

### *Group Office*

### CALGARY

F. SCHNEIDER, F.L.M.I.

*Branch                      Manager*

### ST. CATHARINES

S. B. KELLY, C.L.U.

### TORONTO

506 - 4881 Yonge St., Willowdale

M. J. KATZMAN, C.L.U.

Suite 901 — 94 Cumberland Ave.

I. DRUTZ, C.L.U.

302-600 The East Mall, Islington

B. H. MELICK, C.L.U.

### VANCOUVER

256 - 409 Granville Street

K. O. HOPKINSON

### VICTORIA

NORTHWESTERN INSURANCE  
AGENCIES LTD.

### WATERLOO

E. F. GOMAN, C.L.U.

### WINDSOR

P. S. REID, C.L.U.

### WINNIPEG

P. S. TAYLOR, C.A., C.L.U.

### *Group Office*

### WATERLOO

D. J. MULLIGAN

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## MORTGAGE LOAN OFFICES

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### LONDON

A. E. ELSMLIE, A.A.C.I.

*Manager*

### OTTAWA

R. W. HILL

*Manager*

### TORONTO

W. KOMPA, S.R.A.

*Representative*

### WATERLOO

R. NOBLE, A.A.C.I.

*Manager*



The **EQUITABLE LIFE** insurance company  
**OF CANADA**

HEAD OFFICE - WATERLOO, ONTARIO